



# Health Services LOS ANGELES COUNTY

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July 23, 2015

TO: Mayor Michael D. Antonovich  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

FROM: Mitchell H. Katz, M.D. *Mitchell Katz*  
Director

SUBJECT: **DHS RESPONSE TO CCALAC LETTER  
REGARDING MHLA PROGRAM PHARMACY PHASE II**

Mitchell H. Katz, M.D.  
Director

Hal F. Yee, Jr., M.D., Ph.D.  
Chief Medical Officer

On July 15, 2015, the Board of Supervisors received a letter from the Community Clinic Association of Los Angeles County (CCALAC) regarding its concerns with My Health LA (MHLA) Pharmacy Phase II and an upcoming contract with Ventegra, Inc. as the retail pharmacy network and 340B Pharmacy Services Administrator (PSA) for MHLA participants. CCALAC's recommendations were to:

1. Preserve dispensaries in the MHLA program and require the Department of Health Services (DHS) to conduct a detailed analysis on the adequacy of the existing Ventegra pharmacy network,
2. Require that DHS report back to the Board within 30 days on program structure, including how the program could be modified to include dispensaries and
3. Have the Board move to delay implementation of MHLA Pharmacy Phase II to no sooner than January 1, 2016.

DHS agrees with CCALAC that access to pharmacy services is critical for MHLA participants. This is one of the principal reasons why DHS believes it's vital to implement the MHLA Pharmacy Phase II plan. Today MHLA participants are limited to receiving medications from the on-site pharmacy, dispensary or contract pharmacy affiliated with the MHLA clinic. Currently, of the 191 MHLA clinic sites, only 14 have on-site pharmacies. Under the Ventegra contract, MHLA participants will have access to an expanded retail pharmacy network of 1700 pharmacies across Los Angeles County.

To understand geographic access, DHS mapped the 1700 pharmacies in the Ventegra retail pharmacy network across the County. The map provides information on the number of pharmacies that are within 0 – 10 miles of a MHLA participant's address. This does not mean that MHLA participants only have access to a pharmacy that is 10 miles away from their address. Under MHLA Pharmacy Phase II, MHLA participants would be able to go to any one of the hundreds of geographically-situated retail pharmacies for most chronic disease medications including an expanded choice of pharmacies in the vicinity of a MHLA participant's address. MHLA participants would utilize a 340B-contract pharmacy or pharmacies, selected by the MHLA clinic, for access to more costly

313 N. Figueroa Street, Suite 912  
Los Angeles, CA 90012

Tel: (213) 240-8101  
Fax: (213) 481-0503

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medications. This information was previously provided to the Board's Health Deputies and a copy of the current Ventegra retail pharmacy map is attached for your reference.

With this large pharmacy network, not only will patients have greater geographic access, but they will also be able to obtain medications during evening hours, and on weekends and holidays. .

In addition to the improved access, there are several reasons to implement a pharmacy based model for medications under MHLA. They include:

- Ability for MHLA participants to receive medication refills (for up to one year) through a pharmacy of their choice for chronic conditions
- Pharmacist prospective review of all patient medication orders - ensures that MHLA participants receive access to a pharmacist and pharmacy services, including screening for appropriateness of drug therapy and drug interactions
- Ability for pharmacies to submit real-time electronic claims, providing an ability to identify a clinical issue and MHLA eligibility prospectively
- Ability for DHS to maintain an accurate medication database for all MHLA participants in order to identify trends and project future costs

I understand that certain Community Providers (CPs) have dispensaries that are highly functional. However, I must also add that dispensaries are no longer considered standard-of-care. Medicare, Medicaid, and commercial insurance plans all provide access to pharmacies. Indeed, these plans do not allow program participants to obtain pharmaceutical services from clinic dispensaries. While MHLA is not health insurance, and therefore the County can reimburse clinics for providing medications through a dispensary, we have done our best to give our patients in MHLA as many of the advantages of a health insurance plan as possible. It is also worth noting, that while DHS undoubtedly had dispensaries in the past (most charity care systems did), all of our patients receive their prescriptions from licensed pharmacies.

A major disadvantage of dispensaries is that patients legally cannot be given refills. Therefore, a patient on a chronic medication (e.g., insulin) dispensed from a dispensary would need to return each time he or she ran out of medication. Dispensaries cannot fill all prescriptions. They do not provide pharmacist consultative services. Pharmacists are respected professionals who are often the best person to identify unusual drug to drug interactions, recommend best timing for taking medications, and discussing adherence to treatment recommendations. Dispensaries have limited hours of operation (which impacts patient access) and lack the ability to submit prospective claims (critical to performing drug utilization reviews and capturing medication use data for MHLA participants

We recognize that any change to the current system for providing medication to MHLA participants will require CPs to have a solid understanding of the new system. DHS also acknowledges that the federal 340B program can be complex and DHS is committed to reducing any confusion that CPs may have, in partnership with the selected 340B PSA contracted vendor. DHS has been and will continue to be responsive to the various requests for information and clarification from CCALAC and CPs by providing written documents, holding meetings and webinars, having one-on-one discussions with CPs, etc.

Consistent with our promise, DHS provided CCALAC, on behalf of CPs, with a copy of the proposed Ventegra contract roughly 30 days in advance of the initial date for Board consideration. DHS realizes that CCALAC has several operational questions that it would like to pose to Ventegra with respect to the Pharmacy Phase II Plan. DHS is committed to ensuring that CCALAC, CPs, Ventegra and DHS meet to resolve any outstanding issues. One frustration experienced by all parties is that in

order to preserve the integrity of the RFP process, we have not allowed CPs to directly meet with Ventegra. This has resulted in the situation whereby we know that Ventegra will be able to accommodate the needs of the CPs, but we haven't had the ability to facilitate the dialogue on how certain operational issues will be handled. In turn, the CPs and CCALAC have asked how can they support a contract going forward when they are told that certain operational issues can't be discussed until the contract is approved. For this reason, I am very grateful to the Board's Health Deputies who have agreed that on Wednesday, July 29, 2015 there will be a facilitated discussion at the Health Cluster meeting with Ventegra in attendance. The Board Health Deputies will be able to pose the questions that they would like answered along with an opportunity for the CPs. I think this is a great step forward.

DHS and CCALAC are in agreement that neither is interested in jeopardizing a CP's 340B status under MHLA Pharmacy Phase II. Ventegra's contracted role will be to maximize 340B compliance, and provide each CP with the tools and reports to monitor 340B compliance. DHS has been and continues to communicate with the federal Health Resource Services Administration (HRSA) to obtain their guidance to address any process and/or compliance issues that CPs may have and to ensure that the planned actions are consistent with HRSA 340B regulations. In addition, both the MHLA Agreement Scope of Work and 340B Agreement recognize CCALAC's concerns regarding 340B compliance and include language that allows a CP to terminate those agreements upon a showing of demonstrable evidence that the agreement(s) jeopardize or pose an existing risk to their 340B status. This language was reviewed and agreed upon by DHS, CCALAC and our respective counsels.

Implementation of the MHLA Pharmacy Phase II is currently set for November 1, 2015. Execution of the 340B Agreement and registration of the DHS pharmacy with HRSA has been delayed twice to address CCALAC and CP concerns, which in turn has delayed DHS' ability to implement Pharmacy Phase II. Each delay results in not providing expanded pharmacy services access to MHLA participants. Recognizing that questions have still not been fully resolved, we would be amenable to postponing implementation of the MHLA Pharmacy Phase II to no later than January 1, 2016. We believe this will provide sufficient time to allow Ventegra and DHS to meet with the CPs, and to establish a MHLA 340B network arrangement with any CP on-site or contracted pharmacy that wishes to become part of the network.

DHS strongly believes that providing expanded access to uninsured residents participating in MHLA is consistent with the Board's desire to provide a comprehensive health care delivery system to this vulnerable population. We recognize that implementation of programs such as MHLA is complicated and reasonable people can disagree about the best implementation strategy. I believe we should move forward with MHLA Pharmacy Phase II no later than January 1, 2016; that our patients should have access to licensed pharmacies not dispensaries; and that we should continue to work closely together to assure that we all comply with the requirements of the 340B agreement.

If you have any questions, please do not hesitate to contact me at (213) 240-8101.

MHK:tb

Enclosure

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors  
Health Deputies  
President and CEO, Community Clinic Association of Los Angeles County



## MHLA Members and PBM Pharmacies

